

FISCAL IMPACT STATEMENT ON BILL NO. **S. 521**

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TO:	The Honorable William C. Mescher, Chairman, Senate Labor, Commerce and Industry Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein, Rodney Grizzle, Beth Campbell		
DATE:	April 10, 2007	SBD:	2007233

AUTHOR:	Senator Alexander	PRIMARY CODE CITE:	39-12-10
SUBJECT:	SC Quality Manufacturing Inspection Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

Senate Bill 521 amends Title 39 of the Code of Laws of South Carolina, 1976, by adding Chapter 12 relating to the registration and inspection of manufactured products for quality production. The Bill requires the Secretary of Commerce and the Department of Health & Environmental Control to establish minimal reasonable environmental standards and practices that must be met during the production of a manufactured product sold in this State. The Bill requires the Secretary of Commerce to establish an inspection program and to appoint inspectors. The Bill imposes fines for violations, and authorizes these fines and revenues from the sale of confiscated products to be used by the Department of Commerce.

EXPLANATION OF IMPACT:

Department of Commerce

The Department does not currently conduct any inspection programs. In addition, the number of products that are manufactured or distributed in South Carolina and therefore potentially subject to the provisions of this Bill is unknown. The number of facilities that would be inspected and the number of enforcement actions that may be undertaken is not readily determinable. However, based on other agency's inspection programs, the Department estimates cost of at least \$2 million annually to include twenty-five FTE positions. Actual staffing needs and operating expenses may be higher. The impact on the General Fund of the State depends on the other funds revenue generated through fines and proceeds.

Department of Health & Environmental Control (DHEC)

The Department estimates that it would require 2.00 new FTEs with expertise in environmental engineering and environmental health to design environmental standards and practices that would be in compliance with federal and local regulations. These individuals would also review environmental compliance status reports for each facility when requested by the Department of Commerce. DHEC estimates this cost at \$129,856 annually with an additional one time cost of \$6,000 in the first year for office furnishings and computers.

Judicial Department

The Department indicates this Bill will have a minimal impact on the General fund of the State, which can be absorbed by the agency at the current level of funding. There will be no impact on the Federal and/or Other Funds.

Attorney General's Office

The Office reports this Bill will have no impact on the General Fund of the State or on Federal and/or Other Funds.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:

A handwritten signature in black ink that reads "Harry Bell". The signature is written in a cursive style with a large, looped "H" and a stylized "Bell".

Harry Bell
Assistant Director, Office of State Budget